

*CanCorp***OFFICERS**

R. B. Hare, M.D.; F.R.C.S., Chairman of the Board  
 S. R. Bernardo, President  
 R. G. Groom, Q.C., Vice-President  
 R. S. Mills, Q.C., Secretary  
 S. M. Fletcher, Treasurer  
 C. A. Blair, Managing Director

**DIRECTORS**

S. R. Bernardo  
 C. A. Blair  
 J. H. Disher  
 S. M. Fletcher  
 R. G. Groom, Q.C.  
 R. B. Hare, M.D.; F.R.C.S.

R. S. Mills, Q.C.  
 A. M. Waters  
 J. G. Webb  
 P. L. Wilson

**PRESIDENT'S REPORT**

to the Shareholders of Abstainers' Insurance Company:

Since the last annual meeting of Abstainers' Insurance Company, shareholders representing 95.46% of all outstanding Abstainers' shares accepted the offer of Maplex to exchange each of their Abstainers' shares for three shares of Maplex Management & Holdings Limited, the shares of which were posted for trading on the Industrial Section of the Toronto Stock Exchange during September 1972. Because of the reduced number of Abstainers' shares in the hands of the public after the exchange, Abstainers' no longer qualified for listing on the Vancouver Stock Exchange.

In spite of the new agency appointments made in Ontario in 1972 to offset the loss of \$137,000 of premiums in Manitoba, automobile premiums written in 1972 declined 6% to \$2,716,000 from \$2,895,000 in 1971.

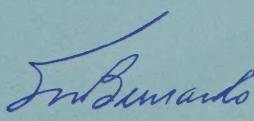
Sales of fire and personal property insurance in 1972 increased 36% to \$252,000 from \$185,000 in 1971, resulting in a satisfactory level of profit for this department.

Underwriting experience in the year under review resulted in a loss of \$150,000 compared with a modest profit of \$2,700 in 1971. Contributing to the underwriting loss were substantial facility and reinsurance expenses, the effects of inflation on settling claims and a general increase in operating expenses.

Investment income increased to \$462,000 as a result of a highly satisfactory experience in our investment portfolio offsetting the underwriting loss and providing a net profit for the year of \$312,000. No income taxes were payable in 1972 because of tax loss provisions from prior years.

Efforts are being made to control the escalating costs of settling claims by undertaking the appraisal and adjustment of claims by our own staff adjustors and a special effort is being made at Head Office to control the ever increasing operating costs. Increased emphasis is being placed on the underwriting selection of risks and this department has been strengthened. In addition, it is expected that reinsurance costs will be reduced in 1973.

Whereas your company chose not to increase automobile insurance rates in 1972 contrary to industry practice, it has proposed to bring rates more closely into line with experience in 1973. Accordingly, the combined effects of increased premiums with a diligent cost control program should result in improved experience in all departments in 1973. Respectfully submitted on behalf of the board,



S.R. BERNARDO,  
 President.

ABSTAINERS' INSURANCE COMPANY

(Incorporated under the laws of the Province of Ontario)

Simcoe, Ontario

BALANCE SHEET - as at December 31, 1972

(with comparative figures for 1971)

<u>ASSETS</u>	<u>1972</u>	<u>1971</u>	<u>LIABILITIES</u>
Cash	\$ 172,962	\$ 118,520	Provision for unsettled claims and adjustment expenses
Investments - at amortized cost (market value 1972 - \$4,460,199; 1971 - \$4,111,801)			Unearned premiums at 8%
Canadian government and municipal bonds	\$ 1,249,160		Accounts payable and accrued charges
Other bonds & debentures	1,550,710		Advance premiums
Preference stocks	383,423		Reinsurance premiums payable and accrued
Common stocks	<u>1,037,837</u>		Provision for unsettled claims of reinsurer for which trust funds are held
		4,221,130	
Net premiums receivable	38,506	11,742	Total Liabilities
Other amounts receivable	6,375	8,637	
Accounts receivable from affiliated companies	3,644	-	<u>CAPITAL STOCK and SURPLUS</u>
Accrued interest on investments	53,429	52,713	<u>Capital Stock</u>
Trust funds for claims of reinsurers	33,000	360,600	<u>Authorized:</u> 2,000 $\frac{1}{2}$ cumulative preference shares at \$100 each redeemable at par
On behalf of the Board:	<u>\$ 4,529,046</u>	<u>\$ 4,685,062</u>	300,000 common shares at \$1 each
C.A.. Blair, Director			<u>Issued and Fully Paid:</u> 2,000 preference shares 126,614 common shares
S.M. Fletcher, Director			
The notes to the financial statements form an integral part of the statements.			<u>Contributed Surplus</u> - Premium on sale of capital stock
Excess of book value of bonds in default over market value	-	16,938	
	<u>\$ 4,529,046</u>	<u>\$ 4,668,124</u>	<u>Earned Surplus</u> <u>Less Unadmitted Assets</u> <span style="float: right;">\$ 815,4</span>
			Surplus for the Protection of Policyholders

AUDITORS' REPORT

To the Shareholders of  
Abstainers' Insurance Company

We have examined the balance sheet of Abstainers' Insurance Company as at December 31, 1972 and the statements of profit  
for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting  
evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1972  
operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent  
year.

Simcoe, Ontario  
January 25, 1973

Waters, Savage  
Chartered

ABSTAINERS' INSURANCE COMPANY  
Simcoe, Ontario

STATEMENTS OF PROFIT AND LOSS AND EARNED SURPLUS - For the year ended December 31, 1972  
(with comparative figures for the year 1971)

STATEMENT OF PROFIT AND LOSS

	<u>1972</u>	<u>1971</u>		<u>1972</u>	<u>1971</u>
			Written premiums (less reinsurance)	\$ 2,758,342	\$ 2,870,403
\$ 1,577,380	\$ 1,743,566		Earned premiums	\$ 2,704,235	\$ 2,893,268
1,171,511	1,117,404		Claims and adjustment expenses	\$ 1,888,694	\$ 1,969,857
54,565	49,767		All other expenses	965,880	920,695
41,884	53,596			\$ 2,854,574	\$ 2,890,552
51,504	31,020				
<hr/>	<hr/>	<hr/>	Net underwriting profit (loss)	\$ (150,339)	\$ 2,716
			Income from investments less investment counsel expense	264,456	254,007
			Profit from sale of investments	197,630	494
			Net profit before taxes on income	\$ 311,747	\$ 257,217
			Corporation income tax provision - (Notes 2 & 3)	67,970	102,768
			Net profit before extraordinary item	\$ 243,777	\$ 154,449
			Extraordinary item - reduction in income tax provision due to loss carry forward from prior years	67,970	101,270
			Net profit for the year	\$ 311,747	\$ 255,719
\$ 200,000	\$ 200,000		Profit per common share after preferred dividends	\$ 1.85	\$ 1.14
126,614	126,614		Before extraordinary item	2.38	1.94
\$ 326,614	326,614		For the period		
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457,104	457,104				
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815,484	528,453				
				<u>STATEMENT OF EARNED SURPLUS</u>	
			Balance - January 1st	<u>1972</u>	<u>1971</u>
			Net profit for the year	\$ 545,391	\$ 331,326
				311,747	255,719
				\$ 857,138	\$ 587,045
\$ 1,599,202	\$ 1,312,171				
\$ 4,529,046	\$ 4,668,124				
			Dividends paid on preference shares	\$ 10,000	\$ 10,000
			Dividends paid on common shares	31,654	31,654
				\$ 41,654	\$ 41,654
				\$ 815,484	\$ 545,391
			Balance - December 31st		

Notes to the Financial Statements:

1. The fees received during the year by the directors amounted to \$8,300. In addition, the remuneration received during the year by the five highest paid officers and employees, including one director, amounted to \$70,193.
2. The company has losses totalling \$162,448 deductible from taxable income in future years.
3. The taxable income for the current year and prior years has been increased or decreased by the deduction of unearned premiums in excess of or less than the provision recorded in the accounts. The accumulated amount of deferred income taxes, not recorded as a liability in the accounts, resulting from the claiming of the excess for tax purpose is \$111,564 after an addition of \$12,241 resulting from the provision for the current year.



**ABSTAINERS' INSURANCE COMPANY, 24 Peel Street, Simcoe, Ontario**

*The only Canadian Company providing automobile and fire insurance exclusively to abstainers.*